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TAGS: [PGOV](#) [PREL](#) [CI](#)
SUBJECT: DEPUTY FM TELLS AMBASSADOR CHILE'S RELATIONS WITH
U.S. FINE; THE NEIGHBORS ARE ANOTHER STORY

REF: A. SANTIAGO 380
[1](#)B. SANTIAGO 381

Classified By: E/Pol Counselor Juan A. Alsace

Summary

[1](#)1. (C) Deputy Foreign Minister Van Klaveren praised solid Chile-U.S. relations, agreeing that cooperation on education, particularly, is pushing the bilateral partnership to new levels. While Chile's relations with the "major powers" (U.S., EU) are on an even keel, its ties with its immediate neighbors and other countries throughout Latin America, while "a priority," are far more challenging. Differences in social models were one reason, instability within those countries another. China's rise and challenges to its development were also discussed. End summary.

[1](#)2. (U) Ambassador Simons, accompanied by E/Pol Counselor and E/Pol Specialist, paid a call April 24 on Deputy Foreign Minister Albert Van Klaveren. Carlos Appelgren, Director of the MFA's North American and Caribbean Directorate, was also present.

China Ascendant, But Defensive

[1](#)3. (C) After thanking Van Klaveren for having hosted a lunch during the visit of S/P Director Gordon, which Van Klaveren agreed had been a very useful opportunity to discuss shared strategic visions, the Ambasssдор noted President Bachelet had just returned from China. Van Klaveren, who also made the trip, said China has made "very impressive" changes since he had last visited in 1995. Redevelopment of urban centers has taken place on a "huge scale" helped, Van Klaveren observed, by the fact Chinese authorities can simply tear down neighborhoods, ignoring the complaints of the dislodged. These policies also revealed tremendous social gaps within Chinese society, which China had yet to address. The Ambassador agreed, observing that Chinese authorities are faced with the dilemma of a rising middle class seeking political openness to match economic aperture. Van Klaveren said he had been surprised when several (unnamed) Chinese leaders told him much the same. He also found Chinese "nationalism" very strong, however, as evidenced by the

reaction to suggestions that the Olympic Games be boycotted over China's Tibet policy. The Ambassador noted China is also very defensive over criticism of its environmental record.

Relations with U.S. Positive

14. (U) Van Klaveren said "our bilaterals are very good." The Ambassador agreed, citing the Secretary's recent visit as having moved "our positive agenda forward." The Secretary has been very impressed with the progress made in Chile's social cohesion agenda. The Plan Chile-California initiative announced during the visit is an important next step, as is the Chile-U.S Equal Opportunities Scholarship program. The Ambassador said he had traveled to several of Chile's regions outside Santiago to promote the latter initiative. Van Klaveren appreciated the effort, noting it is critical Chileans outside "the center" feel they have a stake in the country's future.

Ties To the Neighborhood Can Be Dicey

15. (C) While Chile's relations with the "major powers" (U.S., EU) are stable, dealings with our neighbors are another matter, Van Klaveren said with a bit of a grimace. Relations with Latin America are a "priority," citing Bolivia and Argentina (but, tellingly, not Peru), and regional integration important. But differing social models and levels of development can be impediments to cooperation.

E/Pol Counselor asked if Chile looked favorably on Brazil's regional security initiative. Van Klaveren replied that while "interesting" Chile needed more detail. Is it "cooperation light" or something more serious? The Ambassador noted A/S Shannon had reacted with similar caution. When E/Pol Counselor observed Van Klaveren had not commented on Peru-Chile relations, the Deputy FM smiled and said "this is a cyclical matter." Relations had been tense after Peru announced it would bring its maritime border dispute with Chile to the ICJ. "Nobody likes being brought to court," observing that Argentina had never taken that route in its border disputes with Chile. That said, tensions had now lowered, perhaps arising out of the fact the process is slow and drawn out. Peru is not required to present its Memoire to the Court before March of 2009 and the Chilean response not due till March of 2010. As to Bolivia, ties are "ok," although Chile is very much concerned over Bolivia's internal situation.

16. (C) Van Klaveren said Chile would adopt a "wait and see" attitude with the new Paraguayan government, noting that President-elect Lugo "might be more problematic for you." The Ambassador replied that the Bush administration had had good success working with moderate center-left governments in Latin America, such as with Chile, Brazil, and Mexico, and hoped to do the same with Lugo. Turning to Argentina, Van Klaveren noted Christina Kirchner had gotten off to a rocky start - "including with the U.S." Her difficulties are founded in populist politics and economic problems linked to a failed energy policy. Argentina's internal disarray made it difficult to deal with but given Chile's significant investment there, "we have to separate our bilateral issues from Argentina's domestic problems." The Ambassador said the U.S. has worked hard, with some success, to restore its relations with Buenos Aires to an even keel, noting the recent visit there by A/S Shannon.

17. (U) The Ambassador also demarched Van Klaveren regarding Kosovo independence and the Draft U.S.-EU Declaration on Prisoners of Conscience (reftels).

SIMONS